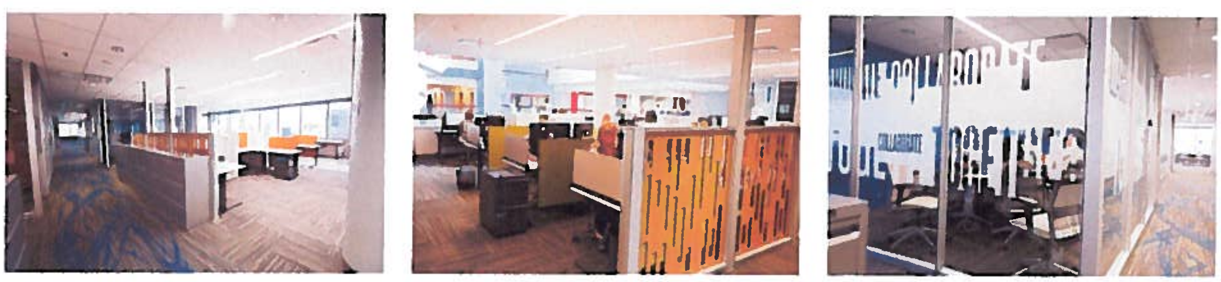
U.S. General Services Administration

Real Property Efficiency Plan

FY 2016 – FY 2020

Reduce the Footprint Policy Implementation

October 20, 2015



GSA Regional Office | Kansas City, Missouri

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PREFACE

In accordance with the Office of Management and Budget's (OMB) Management Procedures Memorandum 2015-01, Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint (RTF), the U.S. General Services Administration (GSA) presents its Real Property Efficiency Plan. GSA's office space reduction targets are based on space that GSA occupies as a tenant. GSA's 5-year plan focuses on reducing its footprint over the next 5 fiscal years through various workplace strategies.

INTRODUCTION

As the real estate provider for the majority of the Federal Government's civilian workforce, GSA provides workspace in 2,100 American communities to more than 1 million Federal employees working for over 100 Federal agencies. GSA supports the missions of these agencies by providing workspace in a portfolio of approximately 379 million rentable square feet (RSF) of space comprising over 1,500 Government-owned buildings (approximately 183 million RSF) and more than 7,400 leased locations (approximately 195 million RSF).

"The mission of GSA is to deliver the best value in real estate, acquisition, and technology services to government and the American people."

GSA's mission provides an opportunity to create model workplaces for the entire Government. GSA seeks to improve performance, sustainability, design quality, and space utilization to create a model for all Federal workplaces. GSA seeks to drive innovation throughout the agency by seeking new technologies and identifying how these technologies can support its external customers.

GSA will continue to aggressively identify and target underutilized assets for disposal, to work with its customers to eliminate lease arrangements where appropriate, and to remain a Governmentwide leader in space management and sustainability. These actions will lead to significant future cost savings.

Portfolio Summary[1]

	Lease Space	Owned Space
FY 2014 SF	1,574,495	4,067,361

[1]GSA's portfolio summary shows only the space in GSA's portfolio that is assigned to GSA.

ROLES AND RESPONSIBILITIES OF SENIOR OFFICIALS

GSA's Office of Administrative Services (OAS) manages and oversees the portfolio of GSA-occupied space. OAS serves as the primary customer and tenant representative for each Service and Staff office within GSA. OAS's responsibilities include reviewing and approving:

- All Occupancy Agreements[1],
- Requirements packages for space acquisition, relocation, or reconfiguration,
- Requests for exemptions to the design standards, and
- Concept and design intent drawings.

[1] An Occupancy Agreement (OA) is a complete and concise statement of the business terms governing the relationship between PBS and the tenant agency for a specific space assignment.

OAS also tracks personnel counts within GSA-occupied space and manages a governance process for all projects exceeding $10,000.

GSA's Senior Real Property Officer (SRPO) is the Public Buildings Service (PBS) Commissioner. OAS forwards all proposed gains of space exceeding 10,000 usable square feet (USF), along with the appropriate offsets, to the SRPO. PBS is also responsible for acquiring and maintaining all space for internal GSA operations, as well as for managing and supervising project execution and implementation. OAS and PBS collaborate to ensure that internal workplace projects fit within GSA's overall portfolio planning.

The GSA Office of the Chief Financial Officer (OCFO) is responsible for reviewing and assessing internal workplace project funding requirements, and for incorporating funding requirements into the GSA budget request.

OAS regularly meets with the Administrator, SRPO, OCFO, and other GSA senior leaders to review the internal workplace project plans, funding requirements, related policies, and other program issues. OAS is also responsible for developing this 5-year plan.

The Federal Buildings Fund (FBF) is the primary fund for the Public Buildings Service and funds GSA's acquisition and operations of Government-owned and leased buildings. Annually, the FBF budget is formulated and includes funding for the capital program via the Capital Investment & Leasing Program (CILP) & Minor Repairs & Alterations (R&A) Program. These programs include funding for GSA's entire portfolio of buildings. Only a small part of the funding is available to invest in GSA's own occupied space.

The budget process for internal workplace projects starts with identifying the priority projects for each fiscal year, and developing budget estimates for each of the priority projects. OAS creates a spend plan based on the estimates and ranks the priority projects. The spend plan is submitted to PBS for review and approval and then to the OCFO for approval and release of funds.

In most cases, project costs are paid by each GSA tenant impacted by the project. PBS Pricing Policy assigns design and construction costs between PBS (as landlord) and the tenant, and OAS allocates tenant costs among GSA organizations based on each tenant's personnel count. For example, if a GSA field office is occupied by 15 PBS employees and 10 GSA Federal Acquisition Service (FAS) employees, then PBS pays for 60 percent (15 PBS employees / 25 total GSA employees) of the project costs, and FAS pays for the remaining 40 percent.

PORTFOLIO STATUS

GSA is leading a transformation of the workplace by providing Federal agencies with effective, mobile, and sustainable workplace solutions at the best value for the American taxpayer. In the last 2 years, GSA reduced its portfolio of GSA-occupied office and warehouse space by over 1 million square feet, or 15 percent. GSA achieved this reduction by maximizing the use of owned Federal space, eliminating costly lease arrangements, and disposing of underutilized assets.

GSA plans to continue using these workplace strategies to further reduce its footprint over the next 5 years. By leveraging these strategies and maximizing the utilization of assets already under GSA's control, GSA does not foresee the need to increase its real property inventory to support GSA's internal operations. Although GSA will encounter challenges such as budgetary restraints and market variations, GSA is confident that it will continue to achieve substantial square footage reductions.

GSA already achieved the design policy requirement and established an aggressive design standard for office space in April 2014 (see GSA's attached *Internal Space Allocation, Design, and Management Policy*). GSA's design standard requires all GSA organizations[2] that occupy Government-owned or leased space to allocate a maximum of 136 usable office square feet per person (USF/person) for all internal workplace projects. This design standard will reduce GSA's footprint and continue GSA's leadership in transforming the workplace.

Status Relative to Freeze the Footprint Baseline Requirement

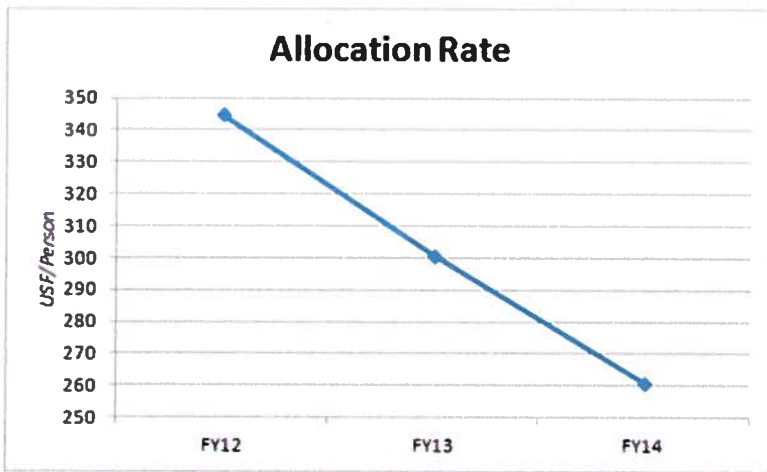
GSA's initiative to improve its internal workplace by creating equitable, sustainable, and highly utilized workplaces has resulted in significant reductions in both office and warehouse space since the establishment of the FY 2012 Freeze the Footprint (FTF) baseline of 6,665,684 usable square feet (USF). GSA went beyond maintaining the baseline, and actually reduced its footprint in each following fiscal year.

Use	FY 2012 (USF)	FY 2013 (USF)	FY 2014 (USF)	Total USF Reduction
Office	4,710,762	4,112,869	3,852,448	858,314
% Change		-13%	-6%	-18%

[2] The design standard policy does not apply to outleases, licenses, former Presidents, Union offices, the Office of the Inspector General, or the Civilian Board of Contract Appeals.

Warehouse	1,954,922	1,889,199	1,789,409	165,513
% Change		-3%	-5%	-8%
Total	6,665,684	6,002,068	5,641,857	1,023,827
% Change		-10%	-6%	-15%

GSA's reductions through FY 2014 equate to a 15 percent decrease in USF from the 2012 baseline, and equal GSA's original 3-year Freeze the Footprint projection of a 15 percent decrease in USF by the end of FY 2015. Additionally, the decrease in footprint has led to a substantially improved allocation rate across GSA space.



*Allocation rates include only office space and exclude space and personnel assigned to the Office of Inspector General, Board of Contract Appeals, former Presidents, and outleased PBS space

GSA achieved this outcome through a variety of initiatives and transformations. Most prominently, GSA is right-sizing its workspaces to better accommodate the work that occurs in these offices. GSA is shifting to a more flexible, open-plan workplace environment that maximizes natural light and private space for all space occupants. Desk sharing, implementing an internal space allocation policy, and continuing to enable and support mobile work have contributed to GSA's improvement in space utilization and success in reducing USF from the Freeze the Footprint baseline.

These initiatives contributed to large reductions in office space. GSA consolidated its Washington, DC, headquarters operations by eliminating four leases (Crystal Plaza Four, Willow Wood Plaza, and 21 Crystal Drive in Virginia; and One Constitution in the District of Columbia) into 1800 F Street, NW, in the District, achieving a reduction of more than 437,000 USF. GSA also achieved substantial reductions in its Pacific Rim Region office in San Francisco, CA (over 36,000 USF) and at its Greater Southwest office in Fort Worth, TX (over 25,000 USF).

Additionally, GSA has seen significant success in reducing warehouse space across the agency, achieving an 8 percent reduction from the FY 2012 baseline thus far. GSA decreased space in Auburn, WA (over 59,000 USF) and in Springfield, VA (over 67,000 USF).

For FY 2015, GSA expects to continue utilizing and building upon its past successful strategies and to reduce its footprint by another 352,070 USF, amounting to a total reduction of 1,375,897 USF, or 21 percent from the FY 2012 baseline.

GSA already achieved significant success in decreasing its footprint to reach the FY 2015 target. In March 2015, GSA completed the relocation of GSA Heartland Region office in Kansas City, MO. Through the utilization of GSA's workplace strategies, the Heartland Region reduced its footprint by about 160,000 USF. Furthermore, the Rocky Mountain Region based at the Denver Federal Center is moving away from space that supports a traditional desk-bound style of work to a space that supports a mobile, flexible, and activity-based style of work. This change will reduce usable square footage by more than 70,000 and is scheduled to be completed by the end of FY 2015.

REDUCTION TARGETS

Office and Warehouse Targets

Domestic Office and Warehouse SF Reduction Targets FY 2016 – FY 2020[3]

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Office Target* (Net SF Reduction)	344,917 USF	112,742 USF	67,540 USF	5,655 USF	7,381 USF
Warehouse Targets (Net SF Reduction)	N/A	N/A	N/A	N/A	N/A

****Reductions are reported as positive values.***

In 2014, GSA began a concerted effort to identify GSA-occupied space that could be transformed into open-plan and model environments. GSA analyzed its current occupancies and compiled a list of office and warehouse space where the utilization rate exceeded 150 USF per person. GSA also evaluated its occupied leased inventory for consolidation and relocation opportunities. The resulting list exceeded 200 locations nationwide and served as the universe of potential locations to focus space reduction efforts. Potential projects were then prioritized by a number of factors, including the projects' ability to improve GSA's performance on the benchmarks tracked for the President's Management Agenda. GSA closely monitors its real property portfolio and

[3] GSA targets are based only on office space that GSA occupies the space as a tenant.

each project's impact on PMA benchmarks, including square footage per person, rental costs per square foot, year-over-year USF reductions, and percent change in GSA's overall real property portfolio. When prioritizing projects, IWMD also considered each project's potential improvement to workplace design and each project's payback period, based on projected project costs and rent savings. The top priority projects included all of GSA's 11 regional offices. The Heartland and Rocky Mountain Regional Office Buildings were FY 2015 projects and together netted a reduction of about 230,000 USF. The remaining regional office buildings will undergo consolidations and the majority will be completed in FYs 2016 and 2017. GSA's annual reduction targets for office space will continue to be based largely on reductions that will result from regional office building consolidations and from expiring leases.

GSA will continue to analyze and refine its list of potential consolidation projects to ensure smart investments, cost savings, and sound business decisions for each proposed project. For smaller projects that would result in less than a 5,000 USF reduction, GSA will continue to explore low cost options that will reduce square footage and maintain a favorable payback period.

GSA occupies space in only 20 domestic warehouses and is not required to submit warehouse targets under the Reduce the Footprint policy. However, GSA is reviewing its occupancy in warehouse locations and is planning reductions where possible. For example, GSA currently occupies more than 100,000 USF in a leased warehouse in Landover, MD, and plans to vacate the space when the lease expires in FY 2020. In FY 2014, GSA vacated the leased Eastern Distribution Center warehouse in Burlington, NJ, but the 1,048,631 USF of space remains in GSA's inventory because the lease is non-cancellable. GSA is pursuing various options to dispose of this property, including active marketing performed by a third party broker. The lease expires in December 2020, so the space will be removed from GSA's inventory no later than FY 2021.

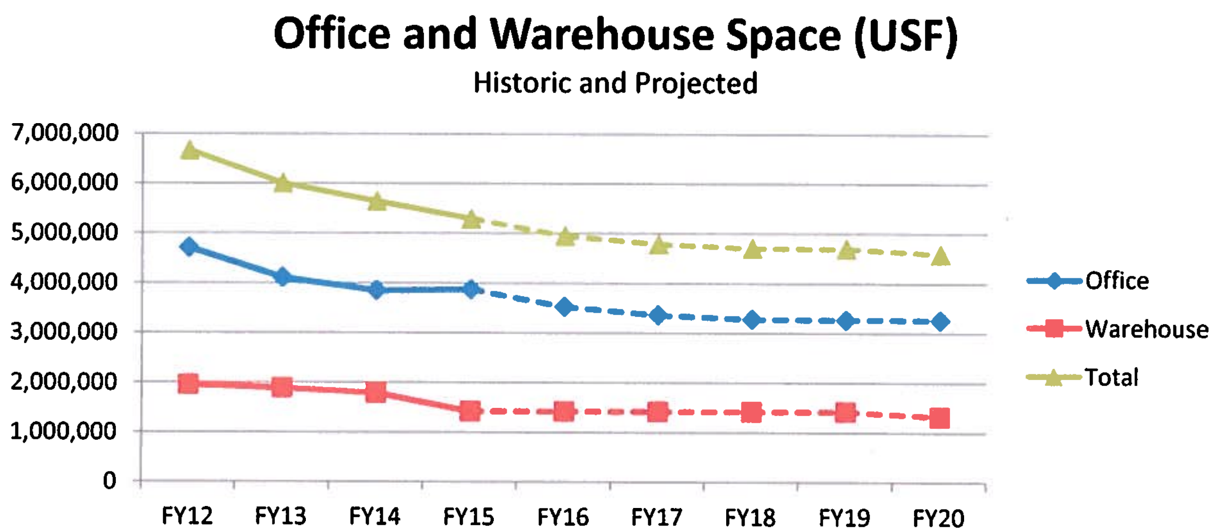
Constraining Factors in Development of Reduction Targets

GSA's mission is unique in that GSA provides and manages space for Federal agencies Governmentwide. Because of GSA's role as Federal building manager, a physical presence is often required in GSA-controlled Federal buildings; so while space can sometimes be reduced, it cannot always be eliminated. Additionally, GSA's mission requires consideration of vacant space that results from any reductions of its own occupied space to ensure the vacancies created are marketable. Therefore, GSA also must consider vacancy risk and backfill tenant options when prioritizing its own consolidation projects.

GSA's reduction targets are further constrained by the timing of expiring leases. If GSA does not have the rights for early termination of a lease, then it is often not cost effective to pursue reduction or relocation options until the lease expiration date.

A major challenge to GSA achieving its targets is availability of funding. Funding for GSA workplace projects comes from numerous GSA accounts, depending on the activity (e.g., construction, furniture, etc.) and the agency bureau occupying the affected space. Funds are needed from the Federal Buildings Fund, the Acquisition Services Fund, the Working Capital Fund, and/or the Operating Expenses account. Lack of available funds in one or more of these accounts could prevent GSA from completing all of its proposed space reduction projects, and, if so, GSA would fall short of meeting its USF reduction targets. Targets will be adjusted each year based on available funding.

Finally, as GSA continues to reduce its footprint every year, each year it will become more and more difficult to identify future or additional consolidation and disposal opportunities from GSA's shrinking inventory.



Disposal Targets for Owned Buildings

More than 98 percent of the space that GSA occupies[4] is office and warehouse space. Due to the limited amount of space that GSA occupies outside of office and warehouse space, GSA did not develop disposal targets for owned buildings. However, due to GSA's mission as a provider of space to other Federal agencies and its commitment to reducing the Federal footprint, GSA developed anticipated disposals for all property types in GSA's owned inventory over the next 5 years. These disposals will amount to a more than 7 million square foot reduction in the Government space inventory (See Appendix).

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[4] Excludes space and assigned to outleases, licenses, former Presidents, the Office of the Inspector General, or the Civilian Board of Contract Appeals.

Maintenance of the Freeze the Footprint Baseline

GSA has exceeded its FTF goal and, as of the end of FY 2014, had reduced its footprint by 15 percent of the FTF baseline. GSA plans to continue reducing its footprint by utilizing the same successful workplace strategies including right-sizing, desk-sharing, a continued emphasis on enabling and supporting mobile work, and a shift from traditional office space to more flexible, open-plan environments. GSA also will strive to limit all new GSA occupied projects to 136 USF/person, per its new agency space design policy.

GSA implemented a policy outlining the information technology (IT) standards for all new GSA workplace projects.[5] The IT standards support GSA's initiative to create model workplaces that enhance collaboration, improve productivity and utilization, and reduce costs. GSA established the policy to provide consistent and standardized workplace protocols and IT configurations. The policy includes guidelines on the following:

- Reservation system for booking shared workstations and conference rooms
- Print output devices
- IT standards for workspaces, workstations, and A/V configurations

GSA established a new space assignment and rent bill allocation method[6] to reflect the new workplace model of sharing space across GSA organizations. The new method allocates rent to each GSA bureau based on its percentage of occupancy in a given building. The percentage of occupancy is calculated by taking the bureau's personnel headcount at that location as a percentage of the total count of GSA personnel located there.

The use of these strategies and policies will allow GSA to continue successfully implementing its mission, while simultaneously reducing its footprint. GSA has identified a list of potential agency consolidation, acquisition, and disposal projects, as detailed in the submitted spreadsheet. GSA will continue to analyze and refine the list to ensure it makes the best investments possible in a constrained budget environment.

Space Design Standard for Future Reductions

GSA developed a space design standard and implemented it in April 2014 as part of GSA's Internal Space Allocation, Design, and Management Policy. The policy addresses design strategies and guidelines, acoustics and privacy, furnishings, and parking and internal space allocation requirements.

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[5] The IT standards do not apply to space occupied by the Office of the Inspector General or the Civilian Board of Contract Appeals.

[6] The space assignment policy does not apply to outleases, licenses, former Presidents, the Office of the Inspector General, or the Civilian Board of Contract Appeals.

Specifically, GSA's policy requires all GSA organizations[7] that occupy Government-owned or leased space to allocate a maximum of 136 USF/person for all internal workplace projects. Additionally, guidelines are set limiting the size of individual workplaces and private offices to less than or equal to 36 net square feet[8] (NSF) and 120 NSF, respectively, and that strictly limit the availability of private offices. Furthermore, conference rooms, individual focus rooms, and similar workspaces must be shared unless there is a compelling need to assign such a space to a specific group. Lastly, workplaces must be designed to achieve an average weekly utilization of 70 percent or more for the total number of individual workstations. Through all of these steps, GSA is working to transform workplace design and services through improved space utilization, reduced costs, and superior value.

COMPLIANCE INTERNAL CONTROLS

OAS established an Internal Workplace Management Division (IWMD) in 2013 as a result of consolidation and realignment efforts of internal administrative programs. The IWMD is responsible for the management and oversight of space that GSA occupies as a tenant to carry out its mission and priorities. The following internal controls have been employed and will ensure compliance with the Reduce the Footprint policy.

- IWMD reviews and approves all requirements packages for space acquisitions, relocations, or reconfigurations. Requests for new space must include a draft OA, a GSA headcount to occupy the space (on-board and resident contractor totals), and a detailed justification for the increase. The IWMD will identify the appropriate offsets if required. If approved, the IWMD will forward all gains in excess of 10,000 USF, along with the appropriate offsets, to the OCFO (or designee) and the SRPO (or designee) for concurrence.
- Additionally, IWMD reviews and signs all OAs for GSA occupied space. Any OA for more than 5,000 USF, or that results in an increase in USF, must undergo two levels of review and approval within IWMD. As part of the OA review, IWMD assesses whether there is an opportunity to make any improvements to the space utilization. IWMD also developed and implemented a document management system to intake all OAs for GSA-occupied space to assist in centralizing and streamlining the review process.
- GSA consolidated internal agency bureau codes to streamline the assignment of space for GSA personnel and to support the consolidation and sharing of space across GSA organizations.
- IWMD worked with PBS to identify potential project opportunities to consolidate and collocate across the portfolio. IWMD created a database to track these opportunities and

[7] The design standard policy does not apply to outleases, licenses, former Presidents, Union offices, the Office of the Inspector General, or the Civilian Board of Contract Appeals.
[8] Net square feet (NSF) is the total area of an identified space. For example, the net area of a 6'x 6' workstation is 36 NSF.

developed criteria to rank and prioritize them for action. Criteria include design quality improvement, USF reduction, utilization rate improvement, rent savings, and payback period. IWMD regularly meets with regional contacts to further track and assess projects. In deciding which projects to pursue, IWMD considers other factors such as lease expiration, availability of backfill tenants and availability of funding. IWMD tracks all space projects to ensure compliance with GSA space design policy and to track offsets and gains.

- IWMD regularly collects personnel counts to track the utilization rate across GSA assigned space.
- IWMD reviews and approves all requests for an exemption to the Design Strategies and Guidelines.
- IWMD collaborates with PBS to monitor real property costs and total square footage for space GSA occupies.

FRPP DATA QUALITY IMPROVEMENT

GSA's FRPP submission comes from data contained in REXUS, an inventory system that has built-in business rules to ensure data accuracy and reliability. One example of these business rules is that the system will not allow an asset to be active without inputting its size information. A Data Reference Guide is provided to PBS's asset management staff outlining the expectations and definitions of common data elements contained in REXUS. Regular updates to the guide and system validations limit the data errors inputted into the system.

GSA also identifies and checks new asset data after it is initially entered into REXUS to verify the completeness and accuracy of data inputted, including asset class code, status, property type, property use, buildings with zero gross square feet, and land with zero acreage. Incomplete or inaccurate data are addressed and updated as needed. GSA also performs periodic follow up analyses to confirm that the identified updates were made in REXUS, as well as to identify new data anomalies, year-to-year discrepancies of reported assets, and changes made to the system's asset data. GSA is continuously striving to improve data quality by offering employee training and implementing new data validation techniques.

The FRPP system institutes several data checks of its own to ensure that submitted data complies with FRPP reporting rules as outlined in the FRPP Data Dictionary. GSA works with FRPP system contractors throughout the submission process that send error reports of data that needs correcting. Errors include buildings with zero square feet, land with zero acres, etc. When a system error is identified, GSA researches the error and makes a correction to the submission data and to REXUS if needed. Through the identification of regular occurring system errors, GSA has been able to focus the new asset data reviews in REXUS from FRPP system errors, in turn decreasing the number of errors within both REXUS and the FRPP.

FRPP also generates a missing asset report that shows the assets that appeared in the previous year FRPP but not in the current submission. GSA uses the report to research the missing assets and ensure they are reported either as owned or leased disposals. If an asset is not being reported as a disposal, GSA confirms that the asset should in fact be excluded from the current year's submission and then records an explanation of why it is not included in the submission. Research conducted based on the missing asset report helps to ensure proper recording of an asset's lifecycle.

Lastly, the FRPP system also generates a confirmation report prior to the final submission confirmation. The confirmation report provides GSA with a comparison of the current year's submission to the prior year. Using the confirmation report, GSA identifies any anomalies and ensures they make sense from a business standpoint. If not, GSA conducts background research to ensure that a data error did not occur. The limited number of changes in GSA's confirmation report demonstrates GSA's commitment to providing reliable data in FRPP submissions.

CHALLENGES AND IMPROVEMENT PRIORITIES

One challenge that GSA confronts is cost allocating for the internal workplace projects. The funding of GSA workplace projects is a unique process that can include multiple funds, depending on what specific offices will occupy the space. GSA developed a cost accounting method to track the expenditures, but system improvements are needed to automate the tracking and reporting on expenditures.

GSA is making notable progress towards sharing work spaces across agency components, but there is not yet a system in place to share the costs associated with services used in these shared spaces. The lack of such a system creates challenges regarding responsibilities over such things as the operation of printers, stocking and sharing of office supplies, mail distribution, and conference room maintenance. A priority for GSA this year is to expand its workplace services program to its regional offices, which would efficiently and effectively share services across agency operations and implement best practices nationwide.

Improved communication and engagement with employees is another priority for GSA in the coming year. Transitioning from private offices and assigned desks to an open environment with shared space and resources is a significant change for employees. To guide its personnel through these changes, GSA developed a change management program that includes tools, templates. and an internal consultancy designed to help the transition to new ways of working.

Finally, GSA is conducting research on its various office types and work styles across the country. After the analysis is complete, OAS and PBS will create a design guide to complement the framework contained in its Space Allocation, Design and Management policy, and assist Project Managers in the development of all internal workplace designs moving forward.

(b) (6) [redacted]

Denise Turner Roth
Administrator of General Services

Attachments:

Internal GSA Agency Bureau Code and Space Assignment Method
Internal Space Allocation, Design, and Management Policy
Information Technology Standards for Internal GSA Workplaces

APPENDIX

GSA's 5-year disposal plan includes planned asset dispositions for all property types because GSA provides these types of space as part of its mission. GSA might relinquish its occupied space in a particular owned asset, but that action might not indicate any plan to dispose of the asset— other tenants may be available for backfill. The targets for GSA-occupied space alone do not capture GSA's disposal plans. The below disposal targets demonstrate GSA's commitment to reducing the overall Federal footprint for all property types.

Disposals for Owned Buildings FY 2016 – FY 2020

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Office and Warehouse					
Disposal Target (Net GSF Reduction)	1,560,000	1,280,000	720,000	1,610,000	2,000,000
Disposal Target (# buildings)	21	9	7	7	18
Non-Office and Non-Warehouse					
Disposal Target (Net GSF Reduction)	2,000	38,500	13,500	18,000	79,500
Disposal Target (# buildings)	3	7	4	2	11
Totals					
Disposal Target (Net GSF Reduction)	1,562,000	1,318,500	733,500	1,628,000	2,079,500
Disposal Target (# buildings)	24	16	11	9	29